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QUARTERLY UPDATE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

13 January 2016

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Financial summary

Growth in net fees for the quarter ended 31 December 2015 (Q2 FY16)

(versus the same period last year)	Growth	
	Actual	**LFL[1]**
By region		
Asia Pacific	(8)%	**1%**
Continental Europe & Rest of World	12%	**16%**
United Kingdom & Ireland	1%	**1%**
Total	3%	**7%**
By segment		
Temporary	3%	**7%**
Permanent	4%	**7%**
Total	3%	**7%**

Highlights

- Good overall growth of 7%[1], driven by our Europe businesses
- Excellent growth of 16%[1] in Continental Europe & Rest of World, including acceleration to 14%[1] in Germany and a strong, broad-based performance elsewhere as 15 countries grew by over 10%[1]
- Growth of 1%[1] in Asia Pacific, with Australia & New Zealand flat[1] versus challenging comparators and tough conditions in the mining states. Asia delivered growth of 4%[1]
- 1%[1] growth in the UK & Ireland, against challenging comparators. Public sector was down 2%[1] as markets became tougher as the quarter progressed. Private sector was up 3%[1]
- For the half year we expect the percentage rate of growth in Group operating profit to be c.2x the percentage rate of growth in net fees, on a like-for-like basis[1]
- The exit rate of Group net fee growth was broadly in line with the quarter as a whole with no significant differences by region
- Good cash performance, as net debt ended December at c.£57 million. We continue to expect to eliminate net debt by year end

Commenting on the Group's performance, Alistair Cox, Chief Executive, said:

"An excellent performance in Europe has driven further good growth in Q2, our eleventh consecutive quarter of year-on-year growth[1]. The significant headcount investment we made earlier in 2015 drove a further acceleration of growth to 14%[1] in Germany, our second-largest business, and elsewhere in Europe, 7 countries delivered record performances, including France. Market conditions in Australia continued to vary significantly, with good growth in New South Wales and Victoria and in the public sector recruitment market offset by difficult conditions in the mining-focused regions. In the UK the rate of growth slowed against tougher comparators and as the public sector recruitment market became more challenging through the quarter.

As ever, activity levels at the start of the new year will be an important driver of the Group's second half performance and, while we are mindful of the greater uncertainty our world faces today, we continue to see many opportunities to drive growth. Against this backdrop, our focus remains on continual improvement in business productivity and disciplined cost control in order to maximise the conversion of net fee growth into profit and cash."

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Group

In the second quarter ended 31 December 2015 net fees increased 3% on a headline basis and 7% on a like-for-like basis[1] against the prior year, our eleventh consecutive quarter of year-on-year growth[1]. The difference between actual and like-for-like growth rates was primarily the result of the material depreciation of both the Euro and the Australian Dollar against Sterling.

Whilst the overall level of net fee growth we have delivered in the year to date is in line with expectations, the mix of growth has changed, specifically lower growth in the UK & Ireland offset by higher growth in Continental Europe & RoW. Looking ahead, if this trend continues through the second half of the year, it will further impact the Group's rate of profit growth as a result of the lower operating leverage generated by the Continental Europe & RoW business as it grows net fees, relative to the UK & Ireland business.

For the first half of the year specifically, the impact of this change in the mix of growth is that we expect the drop through of incremental net fee growth into operating profit growth to be c.40%. As such, we expect the percentage rate of growth in first half operating profits to be c.2x the percentage rate of growth in net fees, on a like-for-like basis[1].

If the rates of exchange of the Group's key operating currencies remained as at 11 January 2016 levels throughout the rest of the financial year, operating profit would reduce by approximately £9 million versus FY15. For the purposes of calculating like-for-like net fee and operating profit growth therefore, the base profit number is approximately £155m for the full year and approximately £75m for the first half.

The exit rate of Group net fee growth was broadly in line with the quarter as a whole, with no significant differences by region.

Both the Temp and Perm businesses, which accounted for 58% and 42% of Group net fees in the quarter respectively, grew 7%[1]. The underlying temp margin[2] was down 40bps.

Consultant headcount was up 1% in the quarter and 10% year-on-year, as we focused on integrating recent headcount additions into the business, improving existing consultant productivity and controlling costs to maximise the conversion of net fee growth into operating profit. Given current market conditions this remains our focus and as a result, we expect that consultant headcount increases in Q3 will be selective, and minimal overall.

Asia Pacific

In Asia Pacific, which represented 21% of Group net fees, we delivered growth of 1%[1].

In Australia & New Zealand net fees were flat[1], against challenging comparators. Our Perm business grew 1%[1] and Temp, which represented 66% of net fees in the quarter, was flat[1].

In Australia net fees were flat[1], and market conditions and performances continued to vary significantly between states and specialisms. Our largest regions of New South Wales and Victoria, which accounted for 56% of Australia net fees in the quarter, were up 10%[1], and ACT delivered excellent growth of 19%[1] as we saw continued strength in our public sector business which grew 13%[1]. Our private sector business was down 6%[1] overall and Western Australia was down 39%[1] as reduced activity in the Resources & Mining sector continued to impact activity levels across the state. Excluding Western Australia, which represented 11% of net fees in the quarter, our Australia business grew 9%[1].

Construction & Property, our largest specialism in Australia, grew 6%[1] while IT and Accountancy & Finance increased by 11%[1] and 4%[1] respectively. Resources & Mining declined 44%[1]. In New Zealand, we saw solid growth of 4%[1].

In Asia, which accounted for 25% of the division, net fees grew 4%[1]. Japan, our largest business in Asia, delivered good 7%[1] growth and China delivered excellent 13%[1] growth, whilst Singapore was down 12%[1].

Consultant headcount in the division was up 1% in the quarter and 7% year-on-year. Consultant headcount in Australia & New Zealand was up 1% in the quarter and 3% year-on-year, and in Asia was up 2% in the quarter and 14% year-on-year.

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Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division which represented 44% of Group net fees, we delivered excellent, broad-based growth of 16%[(1)]. Growth accelerated to 14%[(1)] in Germany, as we continued to capitalise on our recent headcount investments in that market. Germany delivered strong 14%[(1)] growth in Temp whilst Perm grew 9%[(1)]. Growth in our core IT & Engineering business was 14%[(1)] and within our newer specialisms Accountancy & Finance delivered growth of 20%[(1)].

In the rest of Europe, we delivered excellent 23%[(1)] growth. Within this, strength of performance was broad-based and consistent as 15 countries delivered growth over 10%[(1)], including key businesses such as Belgium, the Netherlands, Poland and Switzerland. Our businesses in Southern Europe continued their strong recovery, with Spain growing 47%[(1)] and Portugal 71%[(1)]. France, our second largest business in the division, delivered another excellent performance, up 16%[(1)], including a record net fee performance in December.

In Brazil net fees increased 1%[(1)], although conditions remained challenging, and we delivered strong growth across the rest of our Latin America business. Our US business, incorporating Veredus, continues to perform broadly in line with expectations and we continue to make strategic progress. We have invested to increase consultant headcount and management strength, and remain focused on building out our newer specialisms, notably Construction & Property and Perm to supplement our core IT Contracting business. During the quarter, we opened our 13th US office, in Denver. In Canada, net fees increased 2%[(1)].

Consultant headcount in the division was up 4% in the quarter and 17% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, which represented 35% of Group net fees, we delivered growth of 1%[(1)] against challenging comparators. Both our Temp and Perm businesses grew 1%[(1)] as increased caution amongst clients resulted in more subdued activity levels across the business, notably in public sector markets. This had the greatest impact in regions such as the North and Scotland which were down 6% and 4% respectively.

We delivered solid performances in the North West and the East of England, which grew 3% and 4% respectively. The City of London and Midlands both grew 2% and Ireland delivered another excellent performance with net fees up 23%[(1)].

Growth continued to be good in IT and Office Support, both of which grew 7%[(1)] while Accountancy & Finance, our largest specialism, and Construction & Property were flat[(1)].

Our private sector business grew 3%[(1)], with stable activity levels through the quarter. However, our public sector business was down 2%[(1)] as this market became more challenging as the quarter progressed, particularly in the local Government and Healthcare focused markets.

Consultant headcount in the division was down 4% in the quarter and up 2% year-on-year.

Cash flow and balance sheet

Cash performance in the quarter was good, with net debt decreasing to c.£57 million (30 September 2015: c.£70 million, 31 December 2014: c.£80 million) despite the payment in November of the Group's final dividend of c.£27 million. We remain confident that we will eliminate net debt by the end of the current financial year.

(1) LFL (like-for-like) growth represents organic growth at constant currency and excludes the impact of acquisitions.

(2) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees. This specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides major payrolling services.

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Enquiries

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Conference call

Paul Venables and David Walker of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on 13 January 2016. The dial-in details are as follows:

Dial-in number	+44 (0)20 3139 4830
Dial-in number (UK toll free)	+44 (0)80 8237 0030
Password	50088988#

The call will be recorded and available for playback for seven days as follows:

Replay dial-in number	+44 (0)20 3426 2807
Replay dial-in number (UK toll free)	+44 (0)80 8237 0026
Access code	666238#

Reporting calendar

Interim Results for the six months ended 31 December 2015	24 February 2016
Quarterly update for the three months ending 31 March 2016	14 April 2016
Quarterly update for the three months ending 30 June 2016	14 July 2016
Preliminary Results for the year ending 30 June 2016	1 September 2016

Hays Group overview

As at 30 June 2015, Hays had 9,023 employees in 240 offices in 33 countries. In many of our global markets, the vast majority of professional and skilled recruitment is still done in-house, with minimal outsourcing to recruitment agencies which presents substantial long-term structural growth opportunities. This has been a key driver of the rapid diversification and internationalisation of the Group, with the International business representing 65% of the Group's net fees, compared with around 25% ten years ago.

Our 5,969 consultants work in a broad range of sectors, with Accountancy & Finance, Construction & Property and IT representing 50% of Group net fees. Our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, the Group's net fees are generated 58% from temporary and 42% permanent placement markets, and this balance gives our business model relative resilience. This well diversified business model continues to be a key driver of the Group's financial performance.

Cautionary statement

This Quarterly Update (the "Report") has been prepared in accordance with the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority and is not audited. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions contained in this Report. Statements in this Report reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Report may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance shall not be placed on any forwardlooking statement. Additionally, forward-looking statements regarding past trends or activities shall not be taken as a representation that such trends or activities will continue in the future. The information contained in this Report is subject to change without notice and no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this Report shall be construed as a profit forecast. This Report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Report shall be governed by English Law, and neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Report or its contents or otherwise arising in connection with this Report. Nothing in this Report shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.